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UNCLAS HARARE 000080

SIPDIS

SENSITIVE

AF/S FOR S. DELISI, L. AROIAN, M. RAYNOR
NSC FOR SENIOR AFRICA DIRECTOR J. FRAZER, D. TEITELBAUM
LONDON FOR C. GURNEY
PARIS FOR C. NEARY
NAIROBI FOR T. PFLAUMER

E.O. 12958: N/A

TAGS: ECPS ECON PGOV ZI

SUBJECT: ECONET IN CLEAR FOR NOW

REF: HARARE 8

¶1. (SBU) Econet's local chief executive Douglas Mboweni told poloff on January 12 that the telecommunications firm had yet to hear a word from the GOZ about government media press reports suggesting it was in danger of losing its cellular phone system operating license (reftel). Company representatives recently broached the subject explicitly with officials from POTRAZ, the national telecom regulator, who said they knew of no GOZ plans to strip Econet of its license. The government media has made no mention of the matter since the initial December 24 attack on Econet in the government-controlled Herald and Econet's full page response carried by the same paper the following week.

¶2. (SBU) According to Mboweni, Econet's once troubled relationship with POTRAZ has been improving. He said POTRAZ's leadership appreciated the benefits of competition in the telecom sector and did not appear "out to get" POTRAZ. He expected recent developments to improve the operating environment for telecom firms in Zimbabwe generally during the coming year, notwithstanding the obvious challenges associated with the country's economic distress. First, the GOZ recently designated the telecom sector as a "productive sector," which would qualify it for low interest loans -- an opportunity that Econet was planning to exploit. In addition, POTRAZ had approved significant tariff increases and was expected to increase the termination rate for international calls terminating in Zimbabwe from USD0.03 to about USD0.20. This would help firms address inflation and foreign exchange challenges.

¶3. (SBU) COMMENT: Mboweni's account and the lapse of three weeks with no further official mention of Econet's license suggest that the initial report signalled politically motivated mischief by Information Minister Jonathan Moyo, not anti-competitive maneuvers by other telecom players. In this instance, the GOZ apparently will not cut off its nose to spite its face, for now preserving Zimbabwe's most successful cellular phone operator while foregoing the opportunity further to sting Strive Masiyiwa, Econet's principal owner and the publisher of the shuttered Daily News.

SULLIVAN